



**EAPN Social Inclusion Scoreboard on the
National Reform Programmes (2008-10)
Full Report**

**Will the Economic Crisis force a
stronger social pillar in Lisbon?**

10 February 2009, Brussels

Executive Summary

- **The 2008-10 National Reform Programmes mark the last cycle of the revised Lisbon Strategy before 2010.** 2009 is therefore a crucial year to evaluate how far the strategy has delivered on the original pledges made at the Lisbon Council in 2000: to deliver “greater social cohesion” and make a decisive impact on poverty by 2010. Since 2005, the revised Lisbon strategy has refocused on “growth and jobs”, which was supposed to lead to less poverty through trickle-down mechanisms. However, in reality this has not happened. In 2008, 78 million people are at or below threat risk of poverty threshold, (16%). In 2000, the figure was 15% (EU15). For some key groups this risk is higher. (Children and older people – 19%). Not only has poverty not been significantly reduced, but in some countries the rate has deteriorated. Working poverty is also increasing, affecting 8% of the working population. ¹*“The assumption that economic growth will raise the adequacy of standards of living of all, just as a tide lifts all boats together, is not often observed in practice.”*
- **2009 heralds a new and disturbing economic context**, with the threat of devastating social consequences from the deepening financial and economic crisis. Although the full impact is yet to be determined, one thing is clear – the intensity of poverty in all Member States will inevitably increase, unless urgent action is taken. In the Economic Recovery Plan published by the Commission in November, and endorsed by the December Council, social justice and solidarity were made a horizontal principle, together with promises that people would come first and be protected from the worse affects. However, in the documents produced by the Commission to evaluate the Members responses as part of the Annual Progress Report – this element is not evident. The current proposals insist on deepening the Growth and Jobs strategy. But how far is this likely to prevent the increase in poverty, exclusion and inequality when it has clearly failed to reduce poverty in times of economic boom?
- In this report, **EAPN evaluates how far the 2008-10 National Reform Programmes have delivered on reducing poverty and social exclusion**, through the mechanism of the EAPN Social Inclusion Scoreboard and how far lessons are being learnt from the economic crisis. .

Key Messages

- 1) **The Lisbon strategy continues to sideline social inclusion** and is even responsible in some cases for exacerbating poverty and inequality - particularly through punitive activation strategies, regressive tax systems and subsidized jobs which can benefit companies for maintaining low wages rather than ensuring sustainable quality work.
- 2) **Macroeconomic policies driven by “Growth and Jobs” are continuing to undermine adequate investment in social protection systems** and failing to promote greater equality through redistribution, despite the recognition of “social protection as a stabilizing factor” helping to limit the social impact of the crisis.
- 3) **Microeconomic policies** are generally missing the opportunity to invest in new social needs and social economy initiatives as well as technological or green innovation. Despite the growing criticism of de-regulation and demands for a renewed balance between the state and the market, there is little recognition of the need to limit market freedoms to guarantee delivery on public service obligations and social rights.

¹ Commission Staff Working Paper : Monitoring progress towards the objectives of the European Strategy for Social Protection and Social Inclusion, 6.10.08 comments:

- 4) **Some progress has been made on developing a more inclusive labour market**, through greater development of personalized accompaniment into work and attention to poverty traps which hinder entry. However, specific barriers faced by people who are furthest away from the labour market are still not being adequately identified. Quality of work is hardly mentioned nor measures for tackling precarity, working poor and declining wage levels in relation to GDP and profits. The crisis is already undermining progress made as mass unemployment hits.
- 5) Whilst **Flexicurity** is clearly winning support amongst Member States and delivering some more flexible work organization which can most benefit women, carers and older workers, most approaches prioritise flexibility at the expense of security. This is a dangerous tendency in the current context.
- 6) **Lifelong learning** remains a distant goal with the main focus on professional training for the higher skilled. It fails to tackle the complex barriers to work and training that people in poverty face or to invest in proven approaches that use informal and non-formal learning methods. Equality and anti-discrimination policies are still largely absent.
- 7) In the area of **governance**, small advances have been made in improving inter-governmental coordination (both horizontal and vertical) but there has been minimal progress in the participation of civil society or people most affected by the policies and the crisis – the unemployed and people in poverty.
- 8) There is surprisingly **little progress on ensuring that Structural Funds deliver on Lisbon** priorities despite the ear-marking process. Where delivery is detailed, it is almost exclusively focused on delivering growth and jobs, rather than ensuring inclusion.

Key Recommendations

- Ensure that the EU gives equal priority to a 3rd pillar of the EU Recovery Plan to ensure strategies deliver **social justice and solidarity**.
- Recognize explicitly the **productive role of social protection** and **adequate minimum income** in stabilizing the economy, promoting consumer demand and promoting social cohesion and a right to a dignified life.
- **Back extensive public investment in services** – to create sustainable jobs in areas of key new social needs/ as well as green smart jobs, including support to Social Economy initiatives particularly WISE (Work Integration Social Enterprises).
- **Defend quality work and living wages** rooted in employment protection and invest in positive integrated active inclusion approaches to support those furthest from the labour market into work.
- Embed **poverty proofing and social impact assessment** of the Economic Recovery packages and the delivery of the Growth and Jobs strategy, with the support of the Social OMC.
- Ensure that the **causes as well as the consequences** of the current crisis are fully analysed as part of a wide **stakeholder** debate including with those most affected. This should lead to a **new post 2010 strategy** based on social and sustainable growth, capable of making progress on addressing poverty, social exclusion and inequality.

Introduction

As 2008-10 marks the last cycle of the revised Lisbon Strategy, it is a timely moment to reflect on how far the National Reform Programmes have progressed in their overarching goal to “*create by 2010, the most competitive and knowledge-driven economy in the world, capable of sustainable economic growth, with more and better jobs and greater social cohesion*”.

When the Lisbon Strategy was revised in 2005 and a decision made to refocus priorities on “*growth and jobs*”, social NGOs were told by the EU that this would not mean the loss of the social objective. The EU claimed that prioritizing economic growth and job creation would result in less poverty and greater social inclusion through trickle down mechanisms. However, this promise has not been kept. The **eight years of the implementation of the Lisbon Strategy have not resulted in less poverty**, and in some cases have seen increases in poverty rates, even when growth and employment rates have been expanding. It is clear that **growth alone will not eradicate poverty, nor reduce the gap between rich and poor**.

This however, was the picture until Autumn 2008. Now Europe and the world are racked with the devastating consequences of the collapse of the credit bubble and the knock-on effects on the real economy. We are now faced with the astonishing sight of governments across the world rushing to rescue their key private banking institutions, unflinchingly using public money to bail out private investors and companies.

EAPN members comment²: “*What price the virtues of the unregulated market now?*”
“*If the “growth and jobs” strategy failed to reduce poverty in times of economic boom, what is the likelihood of it preventing the massive expansion of poverty now?*” (November 2008)

This year, the EU has revised the normal Lisbon Strategy so as to respond quickly to the challenges of the economic crisis. Although Member States produced their NRPs for the period up to 2010 on the 15th October 2008, the Commission has pre-empted the process and has moved forward to agree a new coordinated Economic Recovery Plan³ as the basis of the Annual Progress Report for 2009. This plan is based on 2 key pillars (the injection of purchasing power to boost demand and supporting smart investment) and a **horizontal principle on social justice and solidarity**. The Country Assessments and Recommendations of the National Reform Programmes are due to be published shortly in January.

EAPN members are concerned about the impact of the economic crisis on people in poverty. Following discussions within our working groups, EAPN produced an initial response to the economic recovery package⁴, which demanded that the social principle be converted into a visible, equal pillar, alongside the other two in the Economic Recovery Plan. However, EAPN does not wish to lose sight of longer term goals of the Lisbon strategy at national and EU level, particularly in the lead up to 2010 and beyond. Many of our members have therefore attempted to engage with the NRP process again this year. This report reflects the findings received from members at national and EU level: EAPN Austria, Belgium, Bulgaria, Czech Republic, Denmark, Germany, Finland, France, Ireland, Malta, Netherlands, Poland, Romania, Slovakia, Sweden, UK and AGE - the European Older People's. The final report was drafted by Sian Jones, Policy Coordinator with the help of the Policy team at EAPN Brussels.

² EAPN Executive Committee meeting, November 2008

³ E. Commission; Economic Recovery Plan . November 26 2008

⁴ See EAPN Input to Economic Recovery Plan and Press Release Response: www.eapn.eu

EAPN Social Inclusion Scoreboard for Lisbon 2008-10

EAPN Social Inclusion Scoreboard	
1.	Does the National Reform Programme reflect the objectives and priorities of the NAP Inclusion and contribute to reducing poverty and social exclusion?
	<i>Still little, but some examples are evident of increased economic/social vision as a response to the measures proposed need to be sustained beyond any upturn. The trickle down approach to poverty should be buried.</i>
2.	Are there some policy proposals which produce or increase poverty?
	<i>Unfortunately there are several: including punitive activation policies, subsidies which benefit companies low pay, regressive taxation systems... this will continue until the social dimension is effectively integrated into the Lisbon Strategy and effective poverty proofing put into place.</i>
3.	Does the macro dimension ensure inclusion by strengthening social protection systems and promoting a fairer redistribution of wealth?
	<i>Generally not, but there are some new references to the stabilizing effect of quality social protection systems during the economic crisis. There are insufficient measures to challenge inequalities or to promote the benefits of poverty reduction packages.</i>
4.	Does the micro-dimension help to create quality jobs, particularly for people in poverty and ensure access to affordable, quality public services?
	<i>Generally no. The focus is on economic/environmental innovation rather than social innovation. Neither is the focus on creating jobs which will help those furthest from the labour market. Priority is still given to protecting the internal market rather than defending rights. Those furthest from the labour market are likely to be further disadvantaged as unemployment rises.</i>
5.	Are Employment policies developing an inclusive labour market?
	<i>There is some progress on positive activation, but not sufficient focus on supporting people furthest from the labour market into quality jobs. Little progress is apparent on working poor, quality of work and undeclared work.</i>
6.	Is Flexicurity developed as a tool or a threat for social inclusion?
	<i>More focus on flexibility geared to women and older people's needs, but insufficient examples of integrated approaches that reinforce security.</i>
7.	Are Human Capital approaches likely to benefit people experiencing poverty?
	<i>Some increased investment in education and lifelong learning, but most do not tackle sufficiently the barriers to employment that people experiencing poverty face or the need to support non-formal learning.</i>
8.	Are equality and anti-discrimination policies ensuring equal access to work, resources and services?
	<i>There is a danger that the lack of a rights base to gender mainstreaming is reducing gender equality to a narrow focus on women's employment. Discrimination policies are still little developed and are not focused on those furthest from the labour market.</i>
9.	How far are Structural Funds being used effectively to promote inclusion?
	<i>Still limited coordination between Structural Funds and the NRPs. The ear-marking process, where resources are allocated, focuses almost exclusively on growth and jobs rather than inclusion. Yet Structural Funds could be a key to addressing the social OMC in the new economic climate.</i>
10.	Is Lisbon developed and owned through a dynamic partnership/governance approach involving all stakeholders, including people experiencing poverty?
	<i>Some small advances in governance, mainly in terms of horizontal and vertical governmental coordination, isolated examples of greater NGO involvement. No participation of people experiencing poverty.</i>

1. Does the NRP reflect the objectives and priorities of the NAP Inclusion and contribute to reducing poverty and social exclusion?

Key Messages

Marginalization of social factors, but some signs of change in response to Economic Crisis

In 2005, following the revision of the Lisbon Strategy, a commitment was made by the EU that the National Reform Programmes would link to the social OMC by a dynamic exchange or “feeding in and out” process, as part of the commitment to delivery on social inclusion by the National Reform Programmes. EAPN has consistently highlighted⁵ the invisibility of this process, and resultant loss of a social dimension to the Lisbon Strategy. This year, our members note some progress in the increasing number of references in the National Reform Programmes (NRP) to the priorities and objectives of the National Strategic Reports on social protection and social inclusion (NSRSPSI) (AT, BE, BG, DE, SE, UK). However, this is not usually followed through in the integration of the priorities into the strategies, or with concrete measures or budgets. The focus of the NRP on increasing the growth and employment rates, fails to demonstrate how poverty and social exclusion will be reduced as a result. Several groups highlight the overall marginalization of social factors and measures throughout the NRP. (AT, BG, CZ, DK). In some cases, members highlight the increasing dominance of “feeding in” from the National Reform Programme agenda to the Social OMC, to the detriment of social inclusion objectives.

EAPN SE: “The target groups of the NAP objectives are included in the NRP – ie increasing opportunities for the elderly for social inclusion, reducing exclusion amongst young people, reducing absenteeism in working life due to illness and continuing to improve the position of particularly exposed groups.”

EAPN SK: “The Slovak NRP does not refer to the NAP Inclusion but, on the other hand, the National Strategy Report on SPSI (and the NAP Inclusion) refers to the NRP and the Lisbon objectives many times.”

EAPN UK: “It is stated in the NRP that the report has been produced in coordination with the UK Strategies for social protection and social inclusion. In the sense that the UK NAP remains focused on a “work first” approach to tackling poverty, then the NRP could be said to reflect the priorities in the NAP Inclusion. It reflects the priority to move people into employment, particularly through support to improve skills and on tackling child poverty.”

EAPN BG: “The issues of poverty and social exclusion are not explicitly represented in the NRP and the programme is indifferent to these issues.”

However, some members highlight a stronger recognition of the “*interdependence of economic and social goals*”. (EAPN Ireland) This stronger link may have been reinforced by the need to respond with comprehensive approaches to the current economic crisis. Surprisingly few countries make more than a passing reference to the current economic crisis⁶ and the devastating impact on key groups in terms of unemployment, increasing poverty and deprivation. But where new responses are being proposed, there are some signs of more support to a stronger social dimension, particularly in the recognition of the stabilizing role of social protection.

EAPN BE: “The NRP has a chapter on the reinforcement of Social Protection in the macroeconomic section where it refers to the Federal Plan for the fight against Poverty and Social Exclusion. This is important, although we do not see the supplementary measures to these plans.”

⁵ See EAPN website for reports on the NRP 2006-8 and implementation reports. www.eapn.eu

⁶ Following the Commission’s decision on the 16th December – the country assessments will be delayed to 2009 to take into account more fully the Economic Situation and Recovery Package.

EAPN AT: "The fight against poverty and social exclusion is mentioned as a principle that should be included in employment and economic frameworks and this is a good first sign, but concrete measures are not taken into account."

Increased support to employment for those furthest from labour market and recognition of productive role of social protection systems but insufficient measures

The main contribution of the NRPs to reducing poverty is seen to be through supporting employment for hard to reach groups particularly for long-term unemployed, older workers, migrants and people on sick leave (CZ, DK, DE, IE, SE). In some cases this includes employment services and social economy (PL). But there is a notable lack of recognition of the new challenges posed by the crisis which are likely to have negative impacts on people trying to access a shrinking labour market.

EAPN CZ: "Employment for marginal groups is mentioned, (young people, over 50's, people with handicaps). Nevertheless nobody has taken the global financial crisis 2008 into account. This has brought decreasing jobs to the Czech Republic."

Some members also highlight some positive developments with proposed rises in minimum income and wages (AT) and pension levels, improving access to health care (BE), and commitment to expanding childcare (DE). In some cases, this is combined with a stronger rhetoric on the commitment to reinforce social protection systems and support purchasing power. Others highlight welcome measures to bring self-employed further into the unemployment safety net (AT) and to tackle the benefit/tax poverty traps in make work pay policies (IE, SK). However, many members highlight the lack of details particularly in terms on adequacy and coverage of minimum income and pensions, specific concrete measures to tackle clear poverty gaps and the need to ascertain the long-term impact of measures proposed on specific target groups facing poverty and social exclusion.

EAPN AT: "The introduction of minimum wages and a means tested minimum income is mentioned, but no real political decision is taken yet. All the measures remain vague(...). The minimum income scheme should replace 9 different federal social assistance systems and is very necessary, however there are serious concerns – it does not include a sufficient amount to cover rent and energy costs, to cover special needs eg health care, repairs, and lacks a clear link to labour market integration projects. It does not touch on the big problems regarding distribution of social assistance."

EAPN SK: "One of the measures is a new employee tax credit that should make low-earning jobs more attractive to jobseekers. But this aim is ambivalent from an active inclusion perspective. The credit is very modest and administrative efficiency has been preferred before household-friendliness, with payments made annually, which will not help low-income households with their day-to-day distress."

Lack of a clear social dimension and poverty proofing

Most reports lack a clear social dimension. The minimal development of comprehensive social impact assessment is a clear missed opportunity (AT, BG, CZ, DE, DK, SE, UK). Only Ireland and Slovak Republic appear to be using assessments, but with limited efficacy.

EAPN IE: "In Ireland, Poverty Impact Assessment is supposed to be carried out on all policies, but it is not made public and it is unclear what the impact is".

EAPN SK: "The Slovak Republic is pilot testing integrated impact assessment under the Economic Ministry, but no NGO's are involved and they do not know how the results will be used."

Without this horizontal, cross-cutting approach appraising the whole National Reform Programme, there will continue to be a lack of awareness of the negative effects of specific policies as well as missed opportunities for investing in positive measures to promote social inclusion at macro, micro and employment levels.

Key Missed Opportunities

- The recognition of the value of social cohesion for a well functioning society, necessary to support the development of growth and jobs.
- The chance to mainstream an effective strategy using macro/micro and employment tools to eradicate poverty and social exclusion throughout the NRP.
- The positive impact of reducing inequalities on social cohesion and sustainable growth and jobs.
- The recognition of the role of adequate income in boosting purchasing power and providing a firm base for sustainable social and economic integration.
- The affirmation of the stabilizing function of preventative measures, as well as the positive long term impact of social investments in adequate income, social protection systems, housing, health and education leading to long-term reductions of demands on the public deficit.
- The chance to support SMEs, social economy and inclusive entrepreneurship eg for women
- The priority of creating better jobs and tackling in-work poverty recognizing the limitations of inadequate minimum wages and tax credit systems.

Recommendations

- The European Council should commit Member States to **give equal priority to a 3rd pillar of the economic recovery package which ensures social justice and solidarity through social inclusion and social protection** – with the explicit aim to reduce to the minimum the impact of the crisis on people in poverty. This should be jointly developed between social and economic ministers and find reflection in the National Action Plans for Inclusion, the National Strategic Reports updates and the National Reform Programmes.
- **The productive role of social protection in contributing to stabilize the economy and promote social cohesion** must be strongly underlined, and flexibility allowed in the Stability Pact commitments, to achieve these aims.
- An explicit social dimension will only be made a reality if **an extensive poverty proofing and social impact assessment is carried out** on all parts of the NRP, combined with a determination to seize missed opportunities to promote social inclusion through positive measures. These initiatives need to be stitched into the recovery process.
- The impact of the crisis and reflection on its causes must be seized as an opportunity to revisit the focus and impact of the growth and jobs strategy and develop an **open debate on possible alternatives**, which challenge the current paradigm. We expect the Commission and Council to ensure a broad **stakeholder debate** on these questions linked to the coming discussions on **post 2010**.

2. Are there some policy approaches which produce or increase poverty?

Key Messages

Negative activation is producing poverty

Increased sanctions and tougher, punitive activation policies to prod people into poor jobs, are often highlighted by EAPN members as causing increased hardship and deprivation, due to the reduction of benefit levels and duration of benefits. (AT, BG, CZ, DE, DK, PL, SE). Neither is this approach seen as being effective in supporting people into sustainable employment. (See section 5 – Inclusive Employment).

EAPN DK: “Employment policy is a double edged sword because making work pay policy means reduced social welfare for people who continue to be unemployed.”

EAPN UK: “There is a concern that the proposed reforms of the welfare system will lead to an increase in poverty. There is a much greater potential for the use of financial sanctions to be used in the new tougher benefits regime. It is difficult to see how such an approach can be adopted without increasing hardship for many people.”

EAPN PL: “The reform of the disability pension is very worrying. If the reform goes into effect involving a significant decrease of pension, this will increase the number of poor people.”

EAPN BG: “Decreasing the period that the unemployed have a right to apply for social assistance will directly produce poverty”.

More access to employment for long-term unemployed, but also working poor and low paid jobs

Most members highlight that employment levels for some excluded groups have been increasing, particularly those suffering from long-term unemployment. However, they worry that even this progress will be reversed with the current crisis, unless specific measures are taken. Unfortunately there has been **no equivalent measurable reduction in working poor**. Moreover, members highlight that activation and make work pay measures themselves may sometimes contribute to creating more working poor and low income jobs. This is due to the fact that the current subsidy mechanisms benefit companies that provide low paid jobs, rather than focusing on provisions to ensure decent living wage levels. In other cases, a specific focus on maintaining low wages in line with productivity, present a specific threat to increasing poverty and further expanding the inequality gap. (For further information, see Section 5).

EAPN DE: “Long term unemployment has been reduced by the reform of the labour market, but has created more working poor and low income jobs.”

EAPN BG: “The focus on “containing the growth of real wages in the public sector within labor productivity gains will probably result in further growth of inequalities. Bulgaria is the country with the lowest wages in the EU. The NRP does not discuss inequalities nor differentiate between low and high incomes.”

Insufficient challenges to culture of “blaming the poor”

The current dominant economic model, as reflected in most NRPs, individualizes ‘poverty risks’. This reinforces stigmatization of people in poverty - rather than recognizing the structural causes of poverty. Such approach stress the need to ‘motivate the poor’ and to prioritize mismatches in skills and qualifications, without understar the fragility of people’s experiences on the poverty line. Neither does it recognize the responsibility of governments to ensure that people access fundamental rights to a decent life, including to a decent job that takes them out of poverty.

Comment [e1]: We need to chose the type of brackets for this (two different types in this paragraph

EAPN AT: "Our main critique is that employment policies in Austria are orientated towards the fault of the individual, focusing on the problem of the lack of motivation and the mismatch of qualification and job opportunities. There is no recognition of the fragility of work-biographies of people in poverty, with more and more precariousness and access to the labour market not equally distributed, neither is quality of working conditions a focus."

Concerns about privatization models, undermining sustainable service provision

Some members increasingly highlight concerns about the impact of privatization and liberalization of key services of general interest, particularly Energy, Water and Social Services, in terms of access, affordability and quality. However, other new developments are also underlined, in relation to the expanding focus on 'consumer choice'. The growing practice of redirecting budgets to users rather than to service providers, is undermining the viability of service provision, particularly for vital third sector social service providers as they are unable to plan sustainable services. Such measures also impact negatively on users who fall just outside the subsidy net.

EAPN IE: "The Community Childcare Subvention scheme, is a new scheme (2008) where community childcare centres will receive subventions for children whose parents are on social welfare or very low incomes, (in the past community childcare centres received grants towards staffing costs which reduced the overall cost of childcare for users. Parents who do not qualify for any subvention will have to pay full or much higher costs. This will have a negative impact on some parents on low incomes who may have to withdraw their children due to increased costs and give up their jobs"

Recommendations

- **A systematic poverty proofing** of NRP measures will highlight key danger zones in current policies. This needs to be carried out by an independent body and in a transparent manner, and combined with a strong commitment to **act on the results** of the findings to set clear positive targets for social inclusion objectives.
- The Commission should propose a specific independent social impact and poverty proofing assessment (with the involvement of the Social Inclusion Unit in DG Employment) of key areas where NRP strategies could be unintentionally causing poverty and social exclusion, for example:
 - **The implementation of Activation, Make Work Pay and Flexicurity policies**
 - **Fiscal austerity measures which are leading to cuts in essential public services**
 - **Pressure to reduce or contain wages in low-income jobs**
 - **Privatisation and liberalisation of key services of general interest** - including and analysis of the impact of the shift to subsidizing clients rather than sustainable services.
- **Restoring Social Inclusion as a primary objective of the Lisbon strategy**, as part of a new vision for a social and sustainable post 2010 strategy, built on 4 equal pillars: economic, employment, social inclusion and environment.

3. Does the macro-dimension ensure inclusion by strengthening social protection systems and promoting fairer distribution of wealth?

Key Messages

Some strengthening of quality in social protection, but priority given to reducing public deficits

It is clear that the main focus of the macro-economic guidelines, guided by the conditions of the Stability Pact, is to provide budget stability. This generally supports macroeconomic policies which reduce public deficit and prioritize public investment in innovation, growth and jobs (BE, DE, CZ, MT, UK). However, the challenges to the Stability Pact Guidelines, with the new allowances for the large financial and economic bail out packages, are not yet noted in most NRPs.

Some members note welcome developments particularly in the area of increasing investment in the **quality** of social protection, with higher investment in minimum income, care, pension levels (AT, BE, BG, IE, DE) or help to those on lowest incomes to pay energy bills (MT).

*EAPN BE: "The NRP makes reference to the continuing efforts to safeguard future pensions and to also continue the policy of setting the minimum pension at the risk of poverty level."
EAPN BG: "To some extent – the Fund guaranteeing the pension level within the state pension system is an important commitment."*

However, this is further undermined by lack of action on **reinforcing purchasing power** to respond to still **rising prices in key commodities – particularly energy and food** (although some prices are starting to fall with the crisis), with loss of income from unemployment and with threats of cuts in public spending on key services and social assistance. Most members highlight that there appears to be little learning so far about the **crucial role of social protection as an investment and not a cost to society**, ie investing in universal services to people in order to provide a stable foundation for sustainable growth, social cohesion and as the most effective way to reduce poverty.

EAPN MT: "Water and electricity tariffs are very high and there are moves to increase them. It is true that households in the lowest income bracket will be helped to cope. However more people will move to the poverty line."

Some tax measures and supports to low paid, but no investment in progressive redistribution

Some positive measures are noted in promoting more progressive tax systems - particularly in proposing lower taxes on labour, which should benefit weaker groups and measures which enable part-time workers to preserve their benefits (DK, MT, SK). However, apart from some isolated cases of higher tax levels on wealth, the general trend continues to be towards more regressive tax regimes, in particular focusing on consumption and VAT. (AT, BE, BG, DK, DE, IE, RO). Some members highlight a notable lack of reference to progressive redistribution mechanisms, or recognition of their vital role in reducing inequalities and promoting social cohesion. To the contrary, some members highlight that current taxation trends are resulting in **increases in inequality and relative poverty**.

Comment [e2]: Or tax credit as well ?

EAPN DK: "A proposed lower tax on labour will benefit weaker groups".

EAPN SK: "The employee tax credit is an indication of fairer redistribution, although it is far from being a fairer reward for work. It serves employers as a justification for a cheap labour force".

EAPN UK: "There is a reference to everyone paying their fair share of tax, but no mention of redistribution directly."

EAPN AT: "On the contrary, taxes on income (capital transfer tax) have been abolished".

EAPN BG: "Reduction of inequalities is not mentioned. Redistribution of incomes is minimized and mainly horizontal. Taxation is not related to such aims and probably increases inequalities and relative poverty".

Redirection of public funding into technological, rather than social innovation

Following the strong guidance provided by the Commission, redirection of public funding is primarily focused on boosting Research and Development in technological innovation. Members highlight the lack of emphasis on investment in social innovation (AT, BE, CZ, DK, PL, RO, UK). Some members note a welcome increased investment in education and life long learning (DE, MT, SK, UK). In Bulgaria, although public resources are formally redirected to inclusion and poverty reduction, the measures are not necessarily seen as being effective.

However, no reference is made to how to ensure that these investments benefit those on the edge of the labour market. Members also note a key missed opportunity to increase investment in new social as well as green innovation – particularly in the development of new proximity services, in partnership with the social economy/third sector.

Recommendations

- EU must confirm the importance of spending public money wisely – **investing in public services, social protection systems including adequate income and in people** to provide a stable platform for sustainable growth, social cohesion and prosperity. This must include an **explicit commitment not to reduce social protection**.
- An urgent message must also be sent on the need to tackle rising income inequality, through **re-distributory mechanisms**, to promote more equal, socially just and cohesive communities, as well as to provide a more viable consumer base for sustainable growth.
- Specific recommendations and financial support (including through EU structural funds) must be made by the EU to **invest in social innovation** as well as technological and green innovation. The synergies can be reinforced in developing jobs in social and green jobs for sustainable, socially cohesive communities.
- The EU must ensure that **stimulus measures are effectively and transparently implemented**, as part of a broad stakeholder process, if they are to benefit most the people in need. They must not be left in the hands of venture capitalists!

4. Does the micro-dimension help to create quality jobs, particularly for people in poverty and ensure access to affordable, quality public services?

Key Messages

Missed opportunities to use micro dimension to promote inclusion

There appears to be little recognition of the role that micro-economic policies can play in promoting inclusion (AT, CZ, DE, BG). Although members highlight some more focus on job creation (AT, CZ, DK, DE, MT, BG, PL, SK) little information is provided on who will benefit. In general the focus is on high-skilled, rather than low-skilled workers. Most highlight that social economy is hardly mentioned or supported as a key instrument to support inclusion and create new community services (AT, BG, CZ, DK, IE, MT, NL). Only two members highlight positive support (PL, SK), but underline the limitations in the application.

EAPN BG :“EAPN lobbied for social economy to be included in the Operational Programme – Human Resource Development, but as there is no official definition of the concept, it was substituted for something else and not reflected in the NRP”.

EAPN PL: “The Amended Act on employment services sets up an institute of social enterprise, so far a missing category.”

Although entrepreneurship is supported in some cases, some members highlight the failure to identify the necessary mechanisms to effectively support excluded groups – particularly women and ethnic minorities. (DE, IE, MT, PL, BG). Where inclusive entrepreneurship is mentioned, members raise doubts about the effectiveness of the measures (SE, UK). Some highlight the dangers of pressurizing people on the poverty line into setting up businesses which cannot take them out of poverty (NL). Limited references are made to microcredit, surprisingly even when it is being used as a key tool to support inclusive entrepreneurship (DK). Members also highlight the strong missed opportunity to invest in social and sustainable services – as a means for supporting the local economy, providing jobs for those furthest from the labour market and promoting social and sustainable development.

EAPN DK: “Microcredit is used as a means to promote entrepreneurship for excluded people, but it is not mentioned in the NRP”.

EAPN NL: “We have to deal with 1 in 7 workers being self-employed in total 1.000.000 people) of whom a substantial part is living under or around the poverty line” .

Promotion of internal market in Services overriding guarantees of rights

The approach to Services is generally in terms of supporting the competitiveness of the sector, rather than guaranteeing the universal service obligations of key Services of General Interests ie ensuring that Energy, Water, Transport, Post and Social Services are accessible, affordable and sustainable (BG, CZ, DK, DE, NL, UK).

EAPN DE: “Energy and water are mentioned, but not in the sense of ensuring equal access for all, but referring to the demands of a competitive sector.”

Neither is mention made of the impact of privatization and liberalization, especially on the quality of services. Members welcome the mentions of the need to provide social tariffs for people in poverty in Energy Services, initiatives to provide “warmer homes” to address the poor standard of insulation in older homes owned by those on

lower incomes (IE), as well as proposals on price monitoring on energy and food costs (AT) and reduction of fees for network services (SK). However others highlight the underlying contradictions in policy approaches that support increasing tariffs in key services (MT) in order to preserve competitiveness.

EAPN Malta: "The increase in water and electricity tariffs will increase poverty and social exclusion"

In terms of digital services, many member states give a strong priority to new detailed plans for broadband,(BG, PL, SK), but there is little reference to e-inclusion. (AT, BG, CZ, DK, DE, IE, PL, SK, UK).

EAPN CZ: "Companies in the Czech Republic began to invest massively in ICT in the nineties but without any connection to e-inclusion."

EAPN BG: "Inclusion and universal access are not policy priorities. Otherwise e-development and ICT Services are to be found in the NRP, mainly with regard to business, research and educational infrastructure, e-governance, IT, broadband access."

However some positive initiatives are noted: including Smart City developments (MA) which prioritise e-inclusion and approaches to promote access to local communities and children from poor families (NL). Programmes to promote access to internet in rural areas are seen as particularly crucial but give insufficient attention to vulnerable groups access (SK).

EAPN MT: "Detailed plans are being made to push for e-inclusion through the Smart City strategy".

EAPN SK: "The NRP mentions the need to improve public access to internet, especially in rural areas. Activities will be funded from the Operational Programme "Informatization of Society". However, there is no attention paid to the situation of vulnerable groups and their access to the internet and if and how the access to internet could improve their situation".

Recommendations

- Provide specific **Guidance to Member states to invest in inclusive job creation:**
 - support to job creation for lower skilled as well as high skilled workers
 - measures to tackle the obstacles to inclusive entrepreneurship for key groups – especially women and ethnic minorities/migrants
 - support to investments in social and sustainable development
 - recognition of the key role of social economy and 3rd sector initiatives
- Implement the European's Parliament's request for a **quality, independent assessment of the impact of privatization and liberalisation of key Services of General Interest and on-going monitoring by social partners.**
- Produce a **checklist for Member States to assess how far current strategies** and models of service provision (including main Services of General Interest and digital services) are ensuring optimum access and opportunities for all.
- Ensure that policies to promote broadband access and ICT Services **identify the barriers to access and use from vulnerable groups**, through the development of a **comprehensive e-inclusion** strategy.

5. Are the Employment policies developing an inclusive labour market?

European Employment Strategy (EES) being weakened as an effective policy tool

EAPN is concerned by a certain **weakness of the employment plans themselves, as a political process**. Some plans give no strategy, but rather a compilation of decisions already taken, and hardly take into account the new situation created by the current crisis. Where plans give some more concrete orientations, their implementation is clearly under question. In some cases, decisions are prepared through other structures, such as national committees (eg the Committee in charge of improvement of social protection in SE or Committee in charge of making recommendations on access to life long learning in France), or through structured dialogue with social partners. This results in a lack of articulation and ownership within the NAP Employment. The preparation of the Plans does not build on a wide partnership approach.

Today with the huge impact of the financial and economic crisis on unemployment, we need more than ever a strong policy tool, underpinned by visible political commitment and a process more open to the participation of all stakeholders which will reinforce strong coordination at EU level.

EAPN IE: "The NRP is a report as opposed to a plan."

EAPN UK: "There is almost no mention of the increase of unemployment that is taking place in the UK (...) It is a glaring gap in the NRP that there is not even any mention of the Government plans to deal with the coming recession (...) [There is an] apparent lack of coordination and integration in the NRP"

EAPN PL: "The NRP talks about a National Employment Plan which does not exist in Poland yet" (...) We lack in the plan what could concretely improve the situation on the labour market for vulnerable people."

Urgent need to challenge the paradigm underpinning Employment strategies

Too often, EAPN national networks are confronted with **policies which stick to traditional rigid formulas** instead of learning from their failure to counter poverty and inequalities.

There is a clear lack of an approach which takes into account the "bigger picture" - tackling employment, social protection and poverty together. Overall, even the actions related to inclusive employment do not take into account the poorest or the most vulnerable categories.

Reforms aiming at an increase in the employment rate are followed through, mainly based on the "Making Work Pay" concept. Concretely, this means that the current trend of benefits cuts and harsher conditions for the unemployed is being pursued, with the objective of "pushing" people back in the labour market. This reflects the individualisation of risk and the tendency to place all responsibility with the workers themselves. We regret that the more comprehensive "active inclusion" approach,⁷ as detailed in the Commission's Recommendation, endorsed by the December EPSCO, does not appear to have a stronger influence on national employment policies.

EAPN SE: "The government takes various measures in order to facilitate access to the labour market to excluded groups, but at the same time it is cutting in sickness and unemployment benefits in order to 'make work pay'. The effect can be that people excluded from the labour market due to economic problems will have even more difficulties to look for a job".

⁷ Active Inclusion approach is an integrated strategy to ensure adequate income for a dignified life, access to quality services and support into quality work, to support those furthest from the labour market.

Positive developments on activation marred by increased pressure on the most vulnerable

In most cases, EAPN networks highlight growing compulsion as well as cuts in benefits as a main focus in activation policies, and are extremely concerned about possible consequences on vulnerable people.

EAPN UK: “ ‘More responsibility’ is given to all groups of claimants of welfare benefits, thereby increasing the pressure on them to seek and find work. The responsibility is intended to be accompanied by greater levels of support for those on benefits – it is not clear that this support exists to the necessary extent.”

EAPN FR: “Under a new law regarding their rights and duties, unemployed people must accept any ‘reasonable job offer’, the individual criteria of which should be fixed during the first appointment with the Public Employment Service. In reality such a delay is insufficient to guarantee that aspirations, competencies, wishes and personal situation are fully discussed and taken into account for the definition of the type of work that should be taken by people concerned.”

EAPN AT: “The employment policies in Austria are at the moment very much orientated to the fault of the individual, there are a lot of stereotypes and prejudices within the system.”

However, several EAPN networks point out a focus on the need for “good” activation measures (GR, IE, BG, SK, BE, FR, MT, NL, SE). Some good measures worthy of note include addressing the needs of vulnerable groups. However, we regret that the target groups approach is generally too narrow to benefit to the vast majority of people excluded from the labour market. The need to address the common barriers experienced by vulnerable groups should not replace the focus on the individual situations. There is also a risk of a focus on the individual needs only, while ignoring structural issues that have to be addressed.

EAPN AT: “In Austria, 161 millions euros were devoted in 2008 to bringing people with disability into work”.

As well as youth, the integration of ‘older’ workers on the labour market is often given specific attention, for example in PL, CZ or MT - with the Training and Employment Exposure Scheme (TEES), targeted at persons over 40. In SE, the special programme for immigrants called “step in jobs” allow employers to receive 75% of the wage cost during a limited period. However, effective implementation of some the tax incentive measures can cause problems, as in DE, where “*initiatives ensuring subsidies, when hiring people far from the labour market, is not working well. Globally, the German labour market reforms carry many detailed problems and injustices*”.

It seems that there is a growing recognition of the need for positive activation schemes, which invest in supportive personalized pathways ensuring access to quality employment services.

EAPN FR: “In France, a reform is being implemented aiming at improving the functioning of the Public Employment Service and the way people furthest from the labour market are accompanied”

EAPN IE: “In Ireland, a new Programme to support the activation of those distant from the labour market could be potentially positive, with a dedicated budget and involving increased supports provided by trained job facilitators.”

In most countries, the development of care facilities (encompassing both care services and specific leave entitlements) is a key asset of Active Labour Market Policies (BE, DE, IE, CZ, SK, SE). These are mainly aimed at increasing the employment rate of women, rather than being first geared to work/personal life reconciliation. In some countries, like Poland, reconciliation measures are mentioned, but lack the necessary financial support for implementation.

Overall, EAPN networks raise the point that reconciliation measures do not concern the most vulnerable. Beyond care facilities and Public Employment Services, the access of the most excluded to employment needs to be backed up by a wide range of quality accessible services, including transport, housing, health services etc. The development of such key flanking services is barely mentioned.

EAPN BE: *“The development of childcare facilities is only mentioned in the perspective of allowing more parents to work (...): everything is thought through in order to facilitate employment, nothing is in line with the needs of the children themselves”*.; *“People in poverty can not access these reconciliation measures, however the combination of work and personal life for these people is often particularly tough!”*

Missing: attention and ambition for quality of work!

EAPN has consistently highlighted that the current Employment Guidelines give insufficient priority to supporting social inclusion through employment. Now, in the context of the current economic and financial crisis, it is crucial to give priority to inclusive employment, as a key instrument to prevent detrimental social consequences. Many Member States point out that most initiatives are not aimed at the poor, while a ‘big picture’ approach, combining employment, social protection and poverty reduction, is lacking from the NRPs.

Among these issues are **in-work poverty and ensuring decent wages for all**.

In-work poverty is a widely shared concern. In some Member States, it is beginning to be addressed. In FR, the *Revenu de la Solidarité Active* benefits reform in France aims at addressing in-work poverty, with an increase in benefits granted to people moving from social assistance to low paid employment. In MT, a comprehensive review will be conducted, that will look at whether wages can improve and converge to the existing average EU level. In Ireland, over recent years there has been an effort to identify and address poverty traps in the system of people moving from welfare to work, including a greater tapered withdrawal of secondary benefits. Austria mentions the introduction of a minimum wage, as well as a means tested minimum income.

However, this experience is not true for the majority of Member States, and most EAPN networks indicate that too little is done to address in-work poverty, whether through social protection reforms or the promotion of decent wages.

EAPN SK: *Adequacy of minimum income is the chronic sore of the Slovak social inclusion policy, without which there is no prospect of recovery”*

EAPN BE: *“A policy of incomes is missing. It is not acceptable that the government refuses to raise the benefits to poverty”*

It is striking also to see that **undeclared work is not dealt with**. Some Member States, like Belgium, do facilitate the regularization of undeclared workers, but overall little is being done to really improve the situation of people trapped in low quality undeclared work.

EAPN MT: *“There are many irregular migrants who are vulnerable and open to exploitation, and the NRP does not mention how to improve their condition and help them to integrate into Maltese society”*)

Globally, we regret the continuing lack of attention paid in the NRP to the issue of **quality of employment**. This seems to be, in most cases, an absent dimension. The commitment reiterated by the EU in all documents, to implement decent work both within and outside the EU, has yet to be taken seriously.

Job creation is encouraged in several Member States, some through fiscal measures, but some through the encouragement of part-time or short-term contracts (CZ, SE). This can increase the percentage of precarious workers, where part-time work is not desired, and runs the risk of providing a false answer to the problem. The quality of employment should be at the heart of any job creation strategy, to ensure that people who enter employment do not add up to the working poor, but rather can afford to effectively cross the poverty line and lead dignified lives.

The notion that the NRPs are **tools for social and territorial cohesion** is also not promoted. Job creation through local partnerships is most often not present as an objective in the NRPs our members have reviewed. *However, this dimension is developed in the UK, where it is a key element in current 'from welfare to work' plans, particularly in the development of the Cities Strategy, as well as in SK, where employers will cooperate with vocational schools and have their say on Active Labour Market Policies at local level. In BG, attention is being paid to reducing regional inequalities.*

Missing: clear support to social economy as a tool against poverty and social exclusion.

We are also worried that the potential of the **social economy**, and in particular **work integration social enterprises (WISE)**, as a powerful tool against poverty and social exclusion, seems rarely recognized. A number of our members are concerned about the lack of support for social economy in a social inclusion perspective (AT, BG, CR, DK, GE, FR, MT). There is also concern that 'social economy' in a broad sense is granted support without high social criteria being set. However, Belgium represents a good example of deliberate support to social economy valued by NGOs.

EAPN SK: "The amended Act on Employment Services sets up the institute of social enterprise that has been missing as the legal category up till now. However, the commitment to employ at least 30% disadvantaged jobseekers and investments of at least of 30% of income in creation of jobs for disadvantaged jobseekers seem to be too weak to call them social".

EAPN BE: "Public authorities have reinforced the funding of some social economy initiatives. The promotion of social clauses in public contracts also constitutes an indirect support to these structures."

Recommendations

- **Revitalise the European Employment Strategy (EES) at EU, national, and local level.**
Although the EES may have benefited from a higher political visibility within the revised Lisbon Strategy, it has now lost its comprehensiveness. In the post Lisbon 2010 scenario, a better balance should be found to allow the EES to develop in detail its specific approach, and to stimulate participative debate and policy making regarding employment. **Regional and local** level debate and partnership should be given renewed priority.
- **Review the current foundations of employment policies**
EU institutions need to introduce a new approach focusing on the creation of quality jobs, local partnerships, respect and support for people confronted with unemployment, and the integrated active inclusion approach. We need a change in the order of the priorities, with job creation and quality of work on the top of the agenda.
- **Ensure consistency between Employment and Inclusion policies**
Rather than punitive activation, we demand that the **'active inclusion'** approach defined in the Commission Recommendation, as endorsed by the December EPSCO, is clearly used as a reference for shaping **comprehensive activation policies within employment policies.**
- **Provide guidance on the need to develop consistent positive activation approaches which support social inclusion**
The EU institutions must reiterate strongly that reforms concerning benefits in the objective of making work pay **should not put at risk the social inclusion** of people concerned.
The understanding and the implementation of 'good' activation should be promoted at local, national and EU level. Ensure that NGOs who are implementing activation schemes which are participative and fully

respectful of human dignity and freedom get clear **recognition and support** at all levels by public authorities and successful projects mainstreamed.

- **Be ambitious about quality employment**

The EU commitment on decent work should be implemented through the continuation of **work on quality employment** previously engaged in at EU level. It is time now that the EES contributes seriously to addressing issues such as in work poverty, work/life balance, working conditions, and the situation of undeclared workers.

- Ensure that the treatment of **reconciliation of professional/private life** does not exclude people experiencing poverty: vulnerable people should also be granted more respect for their personal life and more facilities to support them in their personal responsibilities.

6. Is Flexicurity developed as a tool or a threat for social inclusion?

Lack of implementation of the full comprehensive and balanced Flexicurity approach

This year, most of the NRPs we have reviewed integrate flexicurity as a main focus, in some cases linked to concrete reforms and programme proposals specific working groups (FI, MT), or programmes already implemented (FR, CZ, UK). For some of them (NL, IE, DK, UK), this is the continuation of an approach already adopted. In this respect, it seems that the EU dimension is having a clear influence on the shape of policy at the national level.

However, when looking at the measures presented, we are too often disappointed not to find some key elements of the integrated concept developed at EU level.

In most cases, at national level, the **partnership approach**, which is likely to deliver a positive change for all based on consensus, **is still missing**. At best, social partners are part of the discussion (BE, DK, FR, IE, SK), but other stakeholders are not involved, starting from people currently excluded from the labour market, who are the first in line to benefit from the “new opportunities” which Flexicurity is supposed to be delivering. We are also far from the democratic debate that should happen around flexicurity as a new method of organisation of the labour market. When a debate does happen, it is most often dominated by the **need to increase flexibility and increase employment rate**, rather than renew security and work-life balance.

Standing out as an exception, Bulgaria seems to envisage flexicurity from a variety of angles, including the *‘improvement of labour life’*, after having held a first public discussion with social partners, experts and civil society. The flexicurity working group in Malta has also issued recommendations, including work-life balance. Our EAPN MT network is satisfied with the reflection of flexicurity principles in the NRP, as it deals with it in a comprehensive manner.

When we examine the reality of the reforms planned, we mainly see **increasing flexibility** in changing patterns of the labour market and social protection, rather than **a comprehensive approach of flexicurity**. Various networks mention reforms of labour law and labour agreements opening the way to more flexible employment. These include: greater contractual freedom (CZ), new social partners agreements on employment contracts (FR), part-time work made easier (SE), flexible working hours, part-time, short term work made easier (BE), more insecure limited jobs and subcontracted labour (DE), facilitating short-ended employment contracts (SE).

A lot is also done **to reform social protection, mainly aiming at backing up flexibility and increasing the employment rate through reconstruction of existing social protection**: Unemployment benefits entitlements as well as pension rights are strongly attacked. As examples we can mention measures such as: erosion of unemployment benefits (DK, SE), much greater potential for the use of financial sanctions against the unemployed

(UK), toughening the payout of unemployment support (CZ), increase of the pension age (NL), limited access to pre-pension and pressure on benefits (BE), reform of pensions leading to more poverty (PL), move from entitlement to conditional right to social assistance for unemployed (BG).

Examples of reinforced security are scarce, and limited to specific groups or situations such as spouses/partners of the main earner (IE), or workers returning after maternity or paternity leave (PL). Women, as well as some other specific groups, are concerned by some flexicurity reforms aiming at getting them back to the labour market. Some plans mention the need to offer flexible working patterns to women, older workers, or disabled people (BE, PL, CZ, FI, DE, MT, PL). Linked to plans to increase care facilities, the first objective is clearly to increase labour supply rather than work/life balance.

Missing dimensions:

Indeed, reconciliation accessible to people experiencing poverty and social exclusion is among the missing dimensions of the NRPs assessed. The need to improve the quality of work, both in terms of pay and working conditions is barely mentioned. For EAPN, it is also obvious that an evaluation of the impact of flexibility reforms on the most vulnerable is regrettably missing.

EAPN CZ: *“Flexicurity: the word is rather frequent but there are not any actually effective measures”; “Jobs for people with a disability is an emphasized and visible issue, with many projects financed by Structural Funds and the Ministry of Labour and Social Affairs.”*

EAPN SE: *“It is more a traditional right wing policy than an implementation of flexicurity”.*

EAPN FR: *“At a time when the need for participation of the people most affected is being underlined (see the conclusions of the ‘Grenelle meeting for insertion’) nothing is said in the NRP regarding how people concerned could be consulted on the reforms concerning unemployment benefits, access to vocational training or functioning of the public employment service”.*

EAPN BE: *“Concerning the workers, attention is mostly paid to increasing employability and availability, rather than social security or security at work, neither flexibility linked to the needs of family life or life in poverty).(…) People at the margins of the employment market are the weaker players, they are the first to face the harsher, negative consequences of imposed flexicurity. The NRP does not pay enough attention to this fact”.*

EAPN UK: *“Improvement is in the eye of the beholder. The planned reforms are seen as an improvement, but some see them as a destruction of social protection”.*

Recommendations

- The EU should give stronger guidance to Member States in favor of the **development of wide partnership approaches at national and local level around flexicurity, involving civil society.**
- Responding to the negative impact on employment of the current crisis, the EES should develop stronger recommendations. This should include promoting exchange on the **reinforcement of the security aspect**, both in terms of job security and the role of social protection in ensuring increased life security, rather than increased pressure and deprivation.
- Specific attention and support should be given to **flexibility approaches** allowing the development of jobs adapted to the **specific needs of specific groups** of socially excluded people, notably through social economy enterprises.
- Specific attention must be given to **analyzing the impact of flexicurity on people at the margins of the labour market, with a comprehensive poverty proofing mechanism** of ongoing flexicurity reforms. This

should be underpinned by cooperation between public authorities in charge of social inclusion and employment and by the implementation of a participative approach.

7. Are human capital approaches likely to benefit people experiencing poverty?

Towards a learning society?

Education is **obviously given strong attention** in the NRPs. A number of countries are identifying objectives and developing specific measures in this area: better access to training and vocational counseling (PL), specific programmes for unemployed (MT), better coordination between employment and education (SK), education and training as a general objective (IE), training and life long learning actions (DE), starting age of compulsory education lowered from 6 to 5 (PL), the general objective of improving the educational system (SE). Funding is generally devoted to this general objective, with some back up from Structural Funds (as in SE for example).

However, this general willingness is still facing **enormous challenges**, especially in terms of effective implementation. In FR, for example, the stakeholders committee in charge of implementing the NRP's objective on access to life long learning, has not made any recommendations so far. Also, in the current context of accelerating unemployment, the budget devoted to training of the unemployed is under pressure.

But not for everybody? Access of vulnerable groups to education raises a series of challenges.

Training and activation

Learning can play an important role in the framework of activation schemes. Taking part in learning schemes is increasingly part of the contract that the unemployed have to comply with in order to keep accessing their benefits. The MT network mentions a programme obliging the unemployed beneficiaries of subsidies to attend training and community services. The EAPN NL points out a political approach, where the responsibility of lifelong learning is placed on the shoulders of the people themselves, with insufficient training opportunities offered. Some members raise the fact that education programmes are too linked to economic and business needs, rather than being shaped around the need to build more broadly people's capacities.

Vulnerable groups face difficulties in accessing life long learning

Some countries develop initiatives geared to certain specific groups, such as in Bulgaria with a programme targeted at Roma people, Czech Republic with measures focused on support to disadvantaged children, pupils and students. Early school leavers are also targeted by initiatives (BG, IE..)

However, the general assessment is that the specificities of the obstacles faced by excluded groups, such as the elderly, are not taken into account. Members mostly reply negatively to the question whether the NRP improves access to lifelong learning for people experiencing poverty and social exclusion.

Moreover, only few members mention attention being paid to improving access to lifelong learning for low skilled people at work, as a preventive step against exclusion (DK, FI, SE, IE), as well as for people out of work (IE, MT). The EAPN BG network also points out the risk that long term education policy is adapted too strictly to short term business and labour market requirements, thus narrowing the lifelong learning opportunities of young people from low income families.

The issue of the recognition of non formal experience, which is key for the integration on the labour market of vulnerable people, is not adequately addressed. The only specific measures highlighted by members are the Bulgarian pilot model for validation of competencies acquired through informal learning and self-learning, and the 'human resource development' Operational Programme (also in BG), which includes a survey and analysis of the

opportunities for intervention for vulnerable groups. Neither is sufficient attention being paid to the flanking services which are necessary to enable some unemployed people to access suitable learning experiences (eg workers with children or dependents).

EAPN IE: "The general needs of groups which have a very low educational outcome compared to the general population in the formal education system such as travelers and people with a disability are not addressed at all".
EAPN NL: "Lifelong learning is no more than a fake. Our Government uses this philosophy as a kind of duty. That way, they do not have to improve the possibilities, but can talk about people's own responsibility. Our NRP states that the responsibility is mainly in the hands of the social partners and the workers themselves".
EAPN BG: "Empowerment is a missing concept in the official language and voluntary work is seldom mentioned".
EAPN FR: "The multi-stakeholders committee meeting, organized by French Government on social insertion in 2008, stated that vocational training should benefit those who need it the most: jobseekers, low-skill workers etc. However, this committee did not consult the unemployed, it does not mention retraining and is unclear about how to direct funds towards this objective at a regional level".

Recommendations

- Give a stronger emphasis to the objectives of developing life long learning strategies capable of **addressing the specific obstacles faced by people excluded from the labour market in relation to education and training**. Such strategies should be based on the participation of people concerned. The EES should develop guidance and activities in this sense.
- The EU should be the catalyst for the development of the recognition of **non formal and informal** education and in work experience.
- In the context of the current crisis, **no cuts but more investment** should be made in order to ensure access to lifelong learning for vulnerable people, as well as for the newly unemployed.

8. Are equality and antidiscrimination policies ensuring equal access to work, resources and services?

Gender mainstreaming: not enough!

The main assessment that members are making is that the gender dimension is not mainstreamed strongly enough into the NRPs, and that the situation has not improved in recent years. Not enough NRPs address the gender pay gap (DK, FI, FR, MT), nor pension and benefit inequalities (IE, FI, IE, MT, NL) or the need to facilitate access of women to decent jobs (MT, NL).

The most positive actions taken are aiming at increasing the employment rate of women through the reconciliation of work/life balance (CZ, GE, NL, PL, BG...) through increased child care services, or extended parental leaves (as in Germany where the leave is extended to the father).

However, the policies seem to be driven more by the need to increase the work supply rather than to implement women rights and make it easier for them to make free choices. Indeed such a focus is exacerbated by increasing pressure through more harsh activation schemes. These are often geared to the mainstream population and not really accessible for poor families. In the Netherlands, NGOs have been fighting hard for a law regarding the combination of care and work for lone mothers which has been discussed in the Parliament.

EAPN IE: "Efforts to address gender inequalities in the tax and welfare system which allow both partners/spouses to have access to the labour market are positive".

"A Gender Equality Programme is being developed by the ETC to be launched in 2009. This programme aims to raise awareness about the various aspects of gender equality relating to work and family life. ETC will also launch its fourth biennial Gender Equality Action Plan 2009-2010"

EAPN PL: "Tax relief for employers who employ people just after paternity or maternity leave".

EAPN SK: "A National Strategy for Gender Equality is being prepared".

EAPN NL: "Decent and affordable childcare is available, but not enough".

Insufficient priority to anti-discrimination measures, for those furthest from the labour market.

Discrimination is mostly seen in terms of removing obstacles to labour market participation (at the expense of access to resources and services (BG, DK, DE, IE, SE, MT). In a number of countries, a clear focus is therefore put on target groups which are seen as having better chances of higher labour market participation (in particular documented migrants and the elderly (CZ, BG, DE, FI, SE) in some countries people with disabilities (DE). Other groups, such as undocumented migrants, Roma people or other groups mentioned in EC Treaty article 13⁸, such as ethnic minorities and people with disabilities are neglected in most NRPs. Notable exceptions appear to be the specific mention of Roma employment and training in Bulgaria.

Globally, the issue of discrimination is a missing dimension in the NRPs and has faced no significant improvement since the last NRP round.

EAPN BG: "Discrimination is seldom mentioned in official Bulgarian documents – it is not available in the NRP."

EAPN MT: "In Malta, discrimination is not mentioned at all".

EAPN SE: "There are special measurements to improve access of immigrants on the labour market. Some are general measurements like subvention to employers that employ young people or better conditions for time limited jobs. There is also a special program for immigrants called "step in jobs". Here for a limited time, the employers receive 75% of the wage costs."

EAPN IE: "The National Action Plan Against Racism is named in relation to the social and economic integration of migrants but very briefly. Discrimination in relation to other groups is not addressed at all. It effects lone-parents, people with disabilities, ethnic minorities including members of the Traveller community, older people etc"

Recommendations

- Gender mainstreaming needs to more strongly **promote a rights based approach and ensure free choice to women in terms of their family decision's around work/life balance**, rather than putting pressure on them to take up any job, at any price.
- Progress on **work/life balance must also be assured for the most vulnerable and those furthest from the labour market. However ensuring adequate income must be a pre-requisite.**
- A **clear follow up of the gender and discrimination dimensions** should be made through the NAPs Employment and discussed with all concerned stakeholders at EU and national level, building upon existing EU and national legislation.
- Focus on the situation of **undocumented migrants, Roma people** and all grounds of discrimination acknowledged in the **EU Treaty article 13** should be strengthened.

⁸ sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation

- **Attention to discrimination should be broadened beyond the labour market** to tackle issues of access to goods and services, in line with the current EU debate on new anti-discrimination legislation.
- Discrimination in the labour market should be strongly addressed with the aim of **implementing fundamental rights** in the first instance. Such an approach would enable a better design of effective strategies in relation to the specific situation faced by each group confronted with discrimination.

9. How far are Structural Funds being used effectively to promote inclusion?

Lack of a strategic approach strengthening the link between cohesion policy and the NRPs

The new round of NRPs globally failed to give structural funds the attention they deserve, in view of the efforts to increase mutual reinforcement between cohesion policy and the Lisbon strategy for the 2007- 2013 programming period (among others through the earmarking of a significant proportion of the funds to Lisbon related priorities⁹). Reference to structural funds and their contribution to the Strategy vary in depth and breadth, going from references to priorities of the structural funds spread through the whole NRP (DE) to more extensive, specific sections on structural funds' contribution to achieving the objectives of the NRP (BG, CZ, SK).

Although some progress was made in making the funds' contribution to the Lisbon objectives more visible, such references most of the time are limited to compiling objectives agreed in National Strategic Reference Frameworks and Operational Programmes, number of projects approved so far and their overall value (e.g. BG), rather than reflecting a real coherence.

This lack of strategic coordination in planning, implementation and evaluation is all the more worrying considering that structural funds have been identified as key levers of the EU economic recovery package¹⁰.

EAPN CZ: "The National Reform Programme has a part detailing European context for the links between the Lisbon Strategy for growth and jobs and the cohesion policy of the European Union for the period 2007 - 2013
EAPN MT: "In Malta, the NRP fails to provide a discussion of how the Lisbon objectives are linked to the contribution of structural funds."

A narrow vision of Lisbon objectives and of the concept of cohesion

When they exist, references to cohesion policy often reflect a narrow vision of the Lisbon objectives, in line with the general tone of most NRPs: focusing mostly on GDP growth and employment rate, at the expense of a more comprehensive and accurate vision of the concept of cohesion. This is in contradiction with the spirit of the structural funds regulation, which acknowledges economic *and* social cohesion as key objectives (art. 3).

Experience has shown that GDP alone is not sufficient to reflect progress supported by structural funds and that growth can actually be accompanied by high levels of social inequality or environmental damage. It is thus highly regrettable that NRPs fail most of the time to look beyond growth and jobs to acknowledge social cohesion as a legitimate objective for the whole of cohesion policy (European Social Fund, but also European Regional Development Fund and Cohesion Fund).

⁹ See [list of priority areas](#) entailed in the Structural Funds General Regulation

¹⁰ Communication from the European Commission : [Structural funds, investing in the real economy](#), December 2008, CO (2008)876/3

EAPN BG: "The usage of the Structural Funds in Bulgaria is not designed so as to directly influence the high levels of poverty and social exclusion in the country. The NRP follows the idea of the trickle down approach which quite clearly (already 5 years) does not work".

EAPN IE: "What is missing is visibility of the impact Structural Funds have had and will have on poverty and social inclusion".

Social cohesion seen mostly as a specific ESF objective, and through a narrow vision

Given this narrow vision of cohesion, it is thus not surprising that most references to cohesion policy in the NRPs put a strong focus on areas identified as most immediately "growth-enhancing", with a primary focus on the ERDF (innovation and knowledge, infrastructures, entrepreneurship, energy efficiency), without acknowledging their possible impact in reducing poverty social inequalities. Whether this reflects the reality of Operational Programmes or a specific orientation in drafting the NRPs is sometimes difficult to judge (e.g. in Germany, where the NRP lacks mentions of the social infrastructures projects in urban districts despite their prioritisation in the ERDF Operational Programmes).

Social inclusion is often presented as the exclusive "remit" of the European Social Fund, but through a generally narrow vision failing to acknowledge the wider causes of poverty and social exclusion. Despite the identification of the "inclusion of groups further away from the labour market" as a priority in the Lisbon earmarking exercise (priority line 71), references to implementation are often limited to a narrow vision of labour market activation (bringing disadvantaged groups back to any job and off benefit). A broader, more "positive" and comprehensive vision of activation is crucially lacking, which should put as well a strong focus on social participation measures, community building, developing social services (BG, CZ, DK, DE, NL, SL).

EAPN BG: "In Bulgaria, the labour market concept is very narrow – basically it aims to subsidize business and to train unemployed. There is nothing neither in this section nor anywhere else in the Program about the quality of the working places, about decent incomes from labor and dignified life."

EAPN SK: "In Slovakia, insufficient education is emphasised as the main cause of unemployment and poverty."

EAPN IE: "In Ireland, in the Employment chapter ESF funding is mentioned only in relation to funding for the 'school completion programme' funding under the 'Equality for Women' Measure, and funding for specific programmes for migrants including the mainstreaming of a project previously funded under the EQUAL Community Initiative."

Need to build further links with the EU social inclusion strategy

References to the EU social inclusion strategy in relation to structural funds are scarce (BG, CZ, DK, DE, MT). This is all the most regrettable as the National Action Plans provide common objectives, tools (in particular social inclusion indicators), and methods (a strong focus on stakeholder participation) that should guide structural funds better meet their social cohesion objectives.

A more dynamic interaction between the EU social inclusion strategy and structural funds (in terms of planning, implementation and evaluation) is more than ever needed, considering the potential dramatic impact of the current crisis and the role played by structural funds in the EU's efforts to mitigate its social effects.

EAPN CZ: "In the Czech Republic, in the document there is no reference about SF and the NAPSJ."

EAPN DE: "The remarks to the ESF-intervention missed any link to the NAPincl."

Recommendations

- Build a more **dynamic and coordinated interaction between structural funds and the Lisbon strategy**, going beyond mere reporting in between programming phases to cover planning, implementation, monitoring and evaluation.
- **Ensure that cohesion policy monitoring committees are fully engaged in following up the earmarking process** and encouraged to develop further interaction. Address specific recommendations to Member States, managing authorities and monitoring committees to strengthen the funds' contribution to the Lisbon goals.
- In further exploring interaction between cohesion policy and structural funds, ensure a wider definition of structural funds' objectives, **fully acknowledging social cohesion as an essential goal** for *all* structural funds and not only the European Social Fund (structural funds general regulation, article 3).
- Promote a better **use of the tools, objective and method of the EU Social Inclusion strategy to monitor progress achieved**, and address specific recommendations to improve the funds' contribution to social inclusion. In this view, **develop a real monitoring of Lisbon priority area 71**, going beyond a narrow vision of labour market activation.
- **Make all structural funds key elements of the recovery process** – aiming to support access to quality employment and social inclusion for those who are furthest from the labour market, green innovation at the benefits of *all*, public goods and services, with strong social partner and NGO involvement in identifying and delivering priorities.

10. Is Lisbon developed and owned through a dynamic partnership/governance approach involving all stakeholders including people experiencing poverty

Some progress on governance, but not on meaningful participation of civil society

Some members note some slight improvements in the governance process, (AT, CZ, FR, PT) whilst most see no noticeable change (DK, DE, IE, NL) despite the Guidance issued by the Commission this year. Some members comment, worryingly, that it has got worse (BG). The main improvements have been in **better horizontal coordination** – between the social and economic ministries (AT, CZ, FI, FR, DE, PL, SK) although the report writing still remains firmly in the hands of the economic and finance ministers (DK, FI). In Austria, the Social Ministry was involved for the first time. In some cases there was also an increase in the level of the officers/ministers involved.

EAPN AT: "The process has slightly improved. For the first time the Social Ministry was involved".

EAPN PL: "It was better. In the working group there were more important people (Director's from the different departments from different ministries) but still lacks cohesion between social policy, growth and jobs".

In terms of **stakeholder involvement**, in the majority of cases the process remained closed, limited to the involvement of **traditional social partners** (FR, SK).

EAPN FR: "The social partners are involved through the Economic, Environmental and Social Council and the Committee for social dialogue for EU and International questions".

EAPN SK: "Expert discussions have mostly been held with employers' organisations or have had an interdepartmental nature. Though two employers' organizations participated in the current process, the trade union confederation was not invited".

In other Member States, there was a **broadening of the stakeholder involvement**, particularly in relation to the involvement of **civil society**, whilst in others the consultation with NGOs was restricted to a hand-picked group.

EAPN PL: "There was only one meeting where some departments from different ministries and some regional and local authorities and one NGO: Barka Foundation (EAPN member)."

EAPN BG: "The stakeholder consultation was restricted to a closed group of NGOs and some official bodies..(..). We have tried to draw attention to the fact that in the NRP 2006-8, the term poverty is only mentioned three times....(..) In the new NRP the terms are absolutely missing. There is a further fragmentation of policies – social NGOs are consulted only on documents prepared by the Ministry of Labour and Social Policy".

In a few cases, **NGOs were able to engage actively for the first time** (AT). This year at least three EAPN networks were able to have some involvement (AT, FR, IE), However the quality of this engagement remains low, mainly reduced to opportunities to comment (usually with short notice) on the draft. There was no feedback on their input and members did not feel that their views were taken into account.

There was also no attempt to have a broader, more **dynamic stakeholder debate**, or to include the people most affected: **people experiencing poverty**. In some cases, (BG) the process even marked a step-back compared to the governance process in the 2006-8 NRP. In general there is a lack of transparency about the NRP process, with insufficient guidelines and opportunities for participation of all key stakeholders.

EAPN AT: "For the first time, the Austrian EAPN was asked to make comments on the NRP. People experiencing poverty were not involved..(..), but our input was not taken into account. Only a list of topics mentioned by NGO's in a meeting with the Ministry, were included in the NRP."

EAPN IE: "There was a brief opportunity for submissions to the NRP in the summer through organisations involved in social partnership (In Ireland this includes some NGOs). It is not clear if any of this input was considered. A draft was produced for very brief comment and was then discussed at the Joint Parliamentary Committee on Enterprise, Trade and Employment where it was considered that it did not reflect the current economic realities. A final report was then completed and submitted to the Commission, with a delay. EAPN Ireland coordinated a submission...which included input previously received from focus groups on employment held as part of the NAP Inclusion process. There is however no indication that our input was taken into consideration."

EAPN FR : "There was progress in the sense that a presentation was made to the meeting between the associations and the National Council for the fight against exclusion, by the person responsible for writing it and time was given to make written comments and formal advice."

Greater involvement of national parliaments, but still low visibility

In general, members consider that the NRP continues to have almost no visibility at national level (BG, CZ, DK, DE, FI, FR, IE, NL, PT) and in some cases, the visibility has deteriorated (BG, CZ).

Some progress, however, seems to have been made in terms of the visibility and ownership of the NRP in terms of the **involvement of national parliaments** (SK). However, most members continue to confirm the invisibility of the process, with no explicit communication campaign to bring the process to the attention of the public, which continues to be mainly developed through debates with traditional social partners and economic and finance ministries.

Recommendations

- Stronger guidance on meaningful participation and effective governance methods, **with all stakeholders**. A useful exchange could be developed between the NAP Inclusion and the NRP on **governance and participation methodologies** particularly in the productive involvement of NGOs and people experiencing poverty, through an extended peer review process.
- **Specific indicators and targets on governance and participation using a scoreboard** mechanism could be developed to evaluate progress and specific recommendations on improvements in governance/participation made in the country reports.
- More attention must be given by the EU and Member States to facilitating **financial support** for NGO's to take an active role in such governance process, particularly when enabling the involvement of people experiencing poverty.

More **ownership, visibility and political impact** must be given to the strategy – through national parliament debates, media campaigns and transparent governance processes and dissemination of results.

For more information on EAPN positions

See www.eapn.eu

Key Recent Papers:

- ["Will the Economic Crisis bring a stronger social pillar to Lisbon?" Key Messages on the National Reform Programmes 2008-10](#)
- [Building Security, Giving Hope: EAPN assessment of the National Strategic Reports on Social Protection and Social Inclusion \(2008-10\)](#)
- [From Financial Crisis to Recovery: Where is the strategy to combat poverty?](#) EAPN Assessment of the Financial Crisis proposals.

ANNEX

INTEGRATED GUIDELINES FOR GROWTH AND JOBS (2008-2010)

Macroeconomic guidelines

- (1) To secure economic stability for sustainable growth.
- (2) To safeguard economic and financial sustainability as a basis for increased employment.
- (3) To promote a growth and employment orientated efficient allocation of resources.
- (4) To ensure that wage developments contribute to macroeconomic stability and growth.
- (5) To promote greater coherence between macroeconomic, structural and employment policies.
- (6) To contribute to a dynamic and well-functioning EMU.

Microeconomic guidelines

- (7) To increase and improve investment in R&D, in particular by private business.
- (8) To facilitate all forms of innovation.
- (9) To facilitate the spread and effective use of ICT and build a fully inclusive information society.
- (10) To strengthen the competitive advantages of its industrial base.
- (11) To encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth.
- (12) To extend and deepen the internal market.
- (13) To ensure open and competitive markets inside and outside Europe and to reap the benefits of globalisation.
- (14) To create a more competitive business environment and encourage private initiative through better regulation.
- (15) To promote a more entrepreneurial culture and create a supportive environment for SMEs.
- (16) To expand, improve and link up European infrastructure and complete priority crossborder projects.

Employment guidelines

- (17) Implement employment policies aimed at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion.
- (18) Promote a lifecycle approach to work.
- (19) Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job seekers, including disadvantaged people and the inactive.
- (20) Improve matching of labour market needs.
- (21) Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners.
- (22) Ensure employment-friendly labour cost developments and wage setting mechanisms.
- (23) Expand and improve investment in human capital.
- (24) Adapt education and training systems in response to new competence requirements

For full text See [Integrated Guidelines for Growth and Jobs 2008-10](#)